



WORKING FAMILIES *in the* **GLOBAL ECONOMY**

Why the Economy
is not working for
Working Americans

**Congressman
Bernard Sanders**

[HTTP://BERNIE.HOUSE.GOV](http://BERNIE.HOUSE.GOV)

“The United States is a great nation with incredible wealth, resources and intelligence. But we can do better and, for the sake of our children, we must do better. If the working people of this country stand together, we can create a society that provides a decent standard of living for every man, woman and child. That is not a utopian vision. That is a concrete reality that can be achieved within our lifetimes – if we are prepared to fight for it.”

**CONGRESSMAN
BERNARD SANDERS**





WORKING FAMILIES *in the* **GLOBAL ECONOMY**

<i>Who's Losing In Today's Economy?</i>	6
<i>Who's Winning In Today's Economy?</i>	8
<i>The Wage Gap</i>	9
<i>The Wealth Gap</i>	10
<i>How Are Workers Making Ends Meet?</i>	12
<i>How Are Workers Doing In Other Countries?</i>	14
<i>A Closer Look at Another Country</i>	16
<i>How Can We Make the Economy Work for Working Families?</i>	17

WHY THE ECONOMY IS NOT WORKING FOR WORKING AMERICANS

Copies of this booklet are available electronically at **<http://bernie.house.gov/economy>** and are also available by contacting Congressman Sanders' at the address below.

*Congressman Bernard Sanders
One Church Street, Second Floor • Burlington, Vermont 05401
(802) 862-0697 • (800) 339-9834 • bernie@mail.house.gov*

ABOUT THIS BOOKLET

Dear Fellow Vermonter,

The Economy is “booming”! That’s what we hear on the news every day. But who is it booming for? Is the economy really booming for the average worker?

The stock market is up, corporate profits are up, and productivity is up. But workers in Vermont and across the country are often working longer hours for lower wages than they earned 25 years ago. More of us are working two and three jobs, just to make ends meet. Many of us keep going deeper and deeper into debt. We worry about the security of our jobs, our health benefits, our pensions, and how we’ll afford college for our kids.

At the same time, the wealthiest people in the U.S. have never had it so good. The distribution of wealth and income in the United States is now the most unequal in the industrialized world. The richest 1% of the population owns more wealth than the bottom 95%, and the typical Chief Executive Officer (CEO) of a major corporation earns 419 times more than the average worker.

In a democratic society, the government is supposed to protect the interests of *all* the people, not just the wealthy and big campaign contributors. Unfortunately, that is often not the case today. In my view, Congress spends far too much time pushing tax breaks and other benefits for the wealthy and not enough time caring about the needs of the average working person.

Despite the so-called “booming economy,” there are millions of Americans like 28 year old Cheryl Carton of St. Albans, Vermont. Before Cheryl took time off to give birth to her first child, she was working at Dollar Discount Stores in St. Albans, earning \$5.25 an hour over a 30-hour week. As she says, her paycheck of about \$130 a week after taxes was barely enough to pay rent and food.

“I’m just not sure how I am supposed to manage on that kind of pay,” Cheryl said from her parents home where she now lives.

According to Vermont’s Employment and Training Department more than 13,000 Vermonters are in the same position as Cheryl - struggling to make ends meet on a minimum wage which, over the years, has not kept up with inflation. Nationally, 4.4 million Americans earn the minimum wage or less, and 30 percent of our workers earn poverty or near-poverty wages. In fact, low wage American workers are now the lowest paid in the industrialized world.

Since the formation of our nation over 200 years ago, working people have always led the fight to improve the quality of life for all Americans.

When only the wealthy were allowed to vote, workers were successful in their demand for universal suffrage and a more democratic society. When tiny children were forced to work in the factories and fields, it was the working people of our country who put an end to child labor and who fought for quality public education. When bosses

ABOUT THIS BOOKLET

refused to negotiate with their employees and fired them for standing up for their rights, workers pushed Congress into passing legislation which guaranteed all people the right to organize unions.

The list goes on. Social Security, the minimum wage, the eight hour day, Medicare and Medicaid, affordable housing – to mention a few of the benefits that workers have won over the years. But, despite all the hard-earned victories won by working people in the past, the struggle continues.

As large corporations move their plants to China and other countries in order to take advantage of desperately poor workers whom they pay 20 or 30 cents an hour, millions of decent paying jobs in the United States have been lost. How do we develop a global economy that is based on “fair trade” rather than “free trade?”

With 44 million Americans lacking any health insurance, and more and more workers asked to pay a greater percentage of their health care costs, how do we create a national health care program which guarantees quality health care to all people?

In the midst of exploding technology which is significantly increasing worker productivity, how do we make certain that the new wealth that is being created is distributed fairly, rather than going disproportionately to the super-rich, as is presently the case? With Americans now working longer hours than the people of any major nation, how can we reduce the work-week so that working people in this country have more time for their families and for leisure?

With fewer and fewer citizens voting and large corporations pouring hundreds of millions of dollars into political campaigns, how can we create a democratic political system that is based on the principle of “one person one vote,” rather than one which is dominated by big money interests?

The United States is a great nation with incredible wealth, resources and intelligence. But we can do better and, for the sake of our children, we must do better. If the working people of this country stand together, we can create a society that provides a decent standard of living for every man, woman and child. That is not a utopian vision. That is a concrete reality that can be achieved within our lifetimes – if we are prepared to fight for it.

This booklet is about the economy – how it’s working, whom it works for – and what we can do to make it work better for working families. I hope you find it useful.

Sincerely,

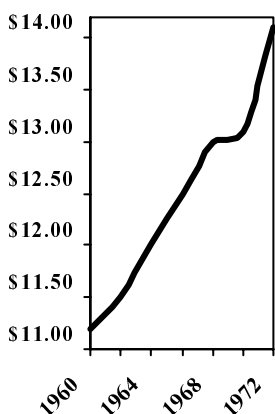
A handwritten signature in black ink, reading "Bernie", with a stylized, flowing script.

Bernard Sanders
Member of Congress

WHO'S LOSING IN TODAY'S ECONOMY?

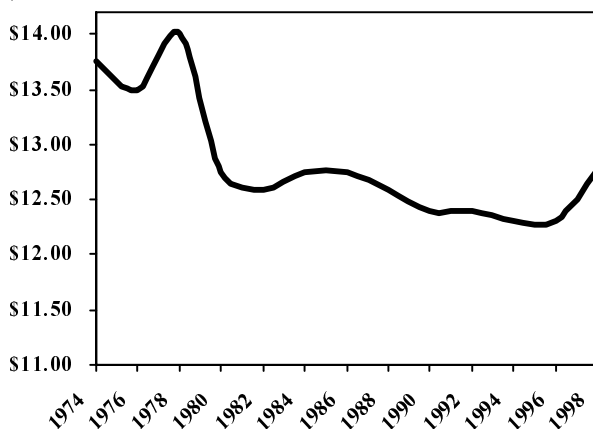
Average hourly earnings

1960-1973



There was a time in this country when workers' wages rose steadily. In the 25 years before 1973, the average real wages of American workers increased consistently.

1974-Present

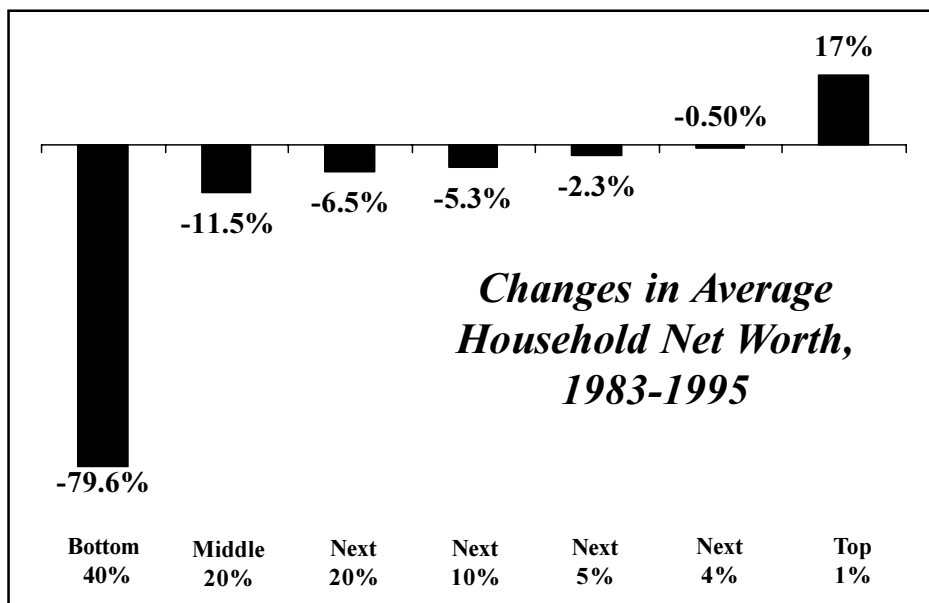


American workers' real (inflation adjusted) incomes have fallen since 1973. The average hourly earnings of production and non-supervisory workers in the U.S. fell by almost 10% between 1973 and 1998 (from \$14.09 in 1973 to \$12.77 in 1998)

WHO'S LOSING IN TODAY'S ECONOMY?

- Young, entry level workers without college educations are the hardest hit. For men with less than six years in the workforce and no college education, average real wages fell about 28% between 1979 and 1997. For women with less than six years in the workforce and no college education, average wages fell about 18% between 1979 and 1997.
- Young families, in which the head of the household is less than 30 years old, are struggling. The poverty rate of young families with two parents more than doubled between 1973 and 1994.
- The productivity (output per hour of labor) of American workers has increased more than 30% since 1973. If workers received their fair share of that productivity increase, real wages would have increased by almost one-third. But instead, wages have been falling while corporate profits have been rising.
- If workers' wages had kept pace with productivity increases between 1973 and 1998, the average wage in 1998 would have been \$18.10 an hour. That's \$5.33 an hour higher than wages actually were in 1998, which adds up to a loss of \$11,000 a year for a full-time worker.
- Millions of Americans today are working 40 or more hours a week and are struggling hard to keep their heads above water. In fact, 30% of American workers earn poverty or near-poverty wages.
- Disgracefully, in the "richest country on earth," one out of five (20%) American children live below the official poverty line. This is the highest rate of childhood poverty among any industrialized nation. Today, there are three million more Americans living in poverty than 10 years ago.

WHO'S WINNING IN TODAY'S ECONOMY?



- As the gap between rich and poor grows wider, the 225 richest people in the world now own assets worth more than \$1 trillion (that's a million million dollars!). That equals the annual income of 47% of the entire world's population (or 2.5 billion people!).

- In the United States since 1977, the richest 1% of American households have doubled their share of our nation's wealth. The United States now has, by far, the most unequal distribution of wealth of any major country on earth.

- The richest 1% of the population now owns as much wealth as the bottom 95% of all Americans combined. The richest 5% of American households own more than 60% of our nation's household wealth.

- Between 1989 and 1999, the number of billionaires in this country grew from 66 to 268.

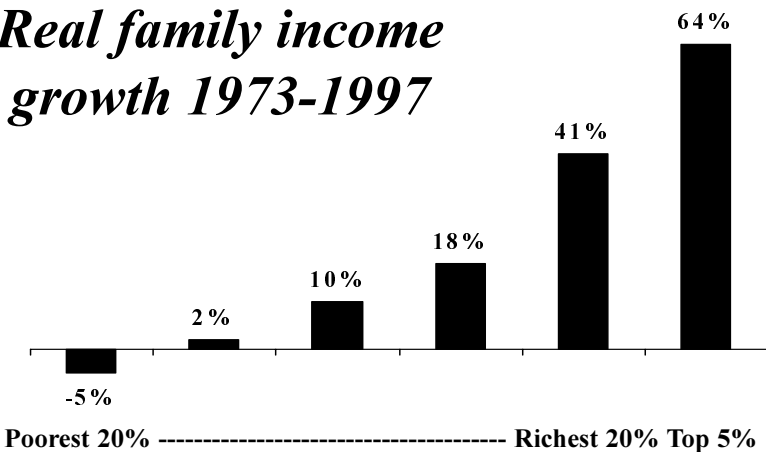
- The richest 10% of American households own almost 90% of the value of all stocks and mutual funds owned by American households.

WHO'S WINNING IN TODAY'S ECONOMY?

- The richest 10% of American households received 86% of the benefits of the increase in the stock market between 1989 and 1997.
- Between 1983 and 1995, the inflation-adjusted net worth of the top 1% of the U.S. population grew by 17%, while the bottom 40% of American families lost 80% of their worth.

THE WAGE GAP

Real family income growth 1973-1997



- The wage gap is widening, leading to greater and greater inequality among American families. Between 1973 and 1997, the average annual incomes of the poorest 20% of families actually fell by 5% (\$701), while the average income of the richest 20% of families grew by 41% (\$39,077). The incomes of the richest 5% of families grew fastest of all, increasing by 64% (\$91,336).

- For many years following World War II, the United States became a more egalitarian society as low and middle-income workers saw their real wages increase and the gap between the richest and the poorest Americans became narrower. In fact, between 1947 and 1973, the incomes of middle-income families grew faster than the incomes of the richest families. The incomes of the poorest 20% of families grew the fastest of all, more than doubling over 25 years.

THE WAGE GAP

- In 1980, the average pay of Chief Executive Officers (CEO's) of the largest corporations in the U.S. was 41 times larger than the pay of the average blue collar worker. By 1998, the average pay of those CEO's increased to 419 times larger (\$10.6 million per year). This is the widest wage gap in the world. Today, it takes only five hours for a CEO to earn as much as an average blue collar worker earns in an entire year.
- In 1980, the average pay of CEO's of the largest corporations in the U.S. was 97 times larger than the pay of a full-time minimum wage worker. By 1998, as the minimum wage failed to keep pace with inflation and CEO salaries soared, the average pay of those CEO's was 989 times larger. Today, it takes only two hours for a CEO to earn as much as a minimum wage worker earns in an entire year.
- Low-wage workers are much less likely to get employer-sponsored retirement and health plans than other workers. For example, in 1996 only 16% of the lowest wage workers (the bottom fifth of income earners) were covered by employer-sponsored pension plans. Low wage workers in the U.S. are the lowest paid workers in the industrialized world.

THE WEALTH GAP

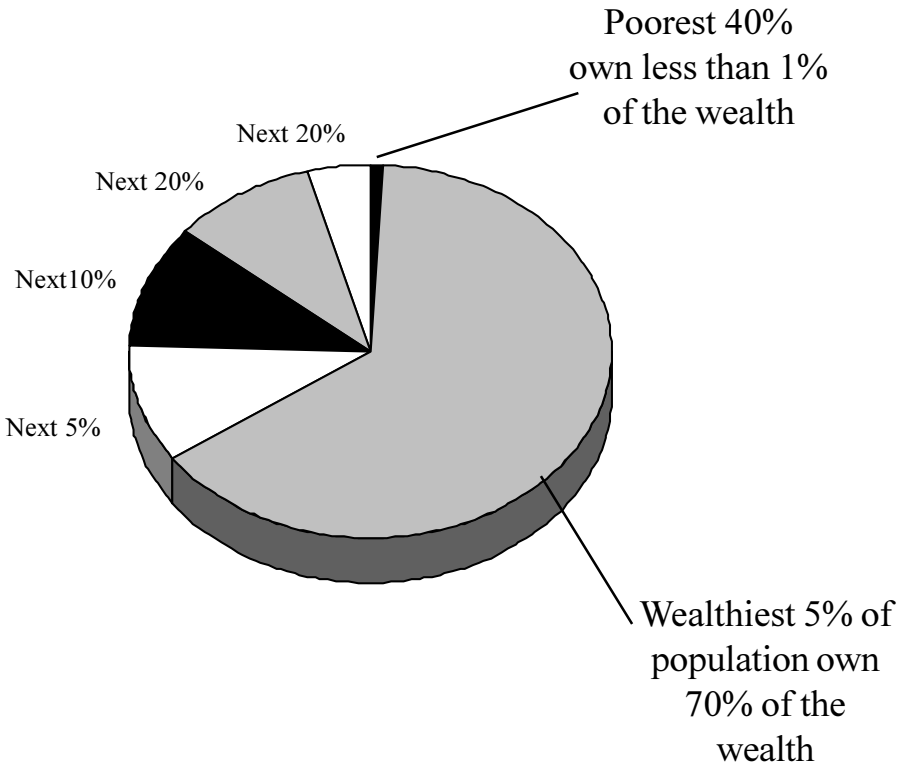
- Like the wage gap, the wealth gap in the United States is growing. (Wages measure what a person earns each year. Wealth measures what a person owns in physical goods and financial assets like stocks and bonds.)
- Wealth in the U.S. today is more concentrated at the top than it has ever been since the Great Depression of the 1930's. In fact, the richest 1% of the population now owns as much wealth as the bottom 95% of all Americans combined.
- In 1976, the richest 10% of Americans owned half of the wealth of our entire country. By 1997, their share increased to 73% of the wealth.
- One person, Microsoft multi-billionaire Bill Gates, owns more wealth than the bottom 45% of American households combined. In 1999, his personal

THE WEALTH GAP

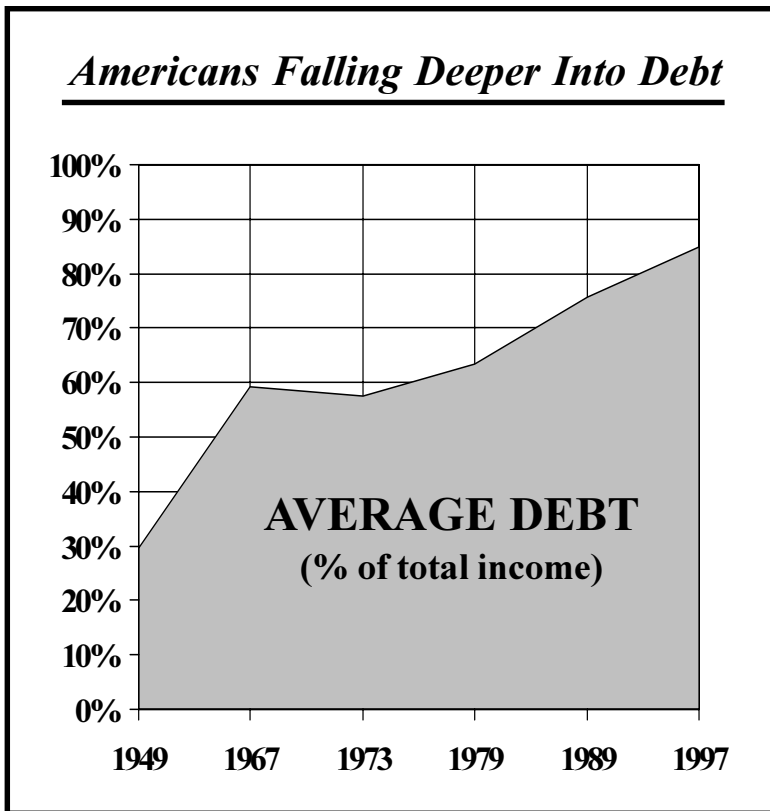
net worth was \$81.5 billion, which is more than the Gross National Product of several countries combined — including all of Central America, Jamaica, Bolivia, the Dominican Republic, Haiti and Grenada.

- By the year 2005, America's millionaires are expected to control 60% of our country's purchasing dollars.

Who owns America's wealth?



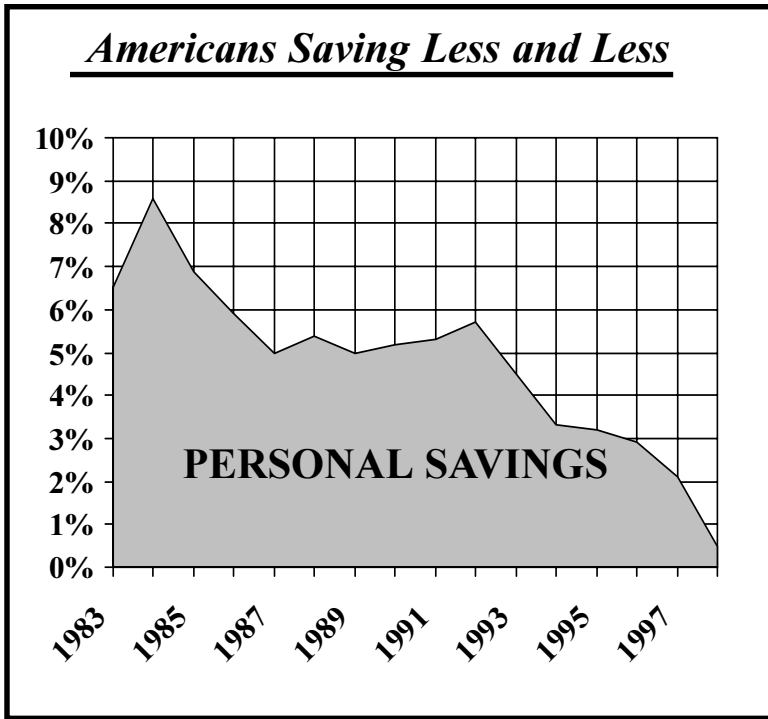
HOW ARE WORKERS MAKING ENDS MEET?



As real wages have declined, Americans are working longer hours to make ends meet. Today, the average American worker is, incredibly, working a full month longer each year compared to 20 years ago. The average American today is working longer hours than the people of any other major country on earth.

- In recent years, everyone in the family has had to work harder to make ends meet. It is increasingly uncommon to see a middle-class family that does not have two breadwinners. The average middle-income family is working almost two months longer every year compared to 20 years ago. Whether they want to stay home with the children or not, many parents are now forced to work because their families need two incomes to pay the bills.

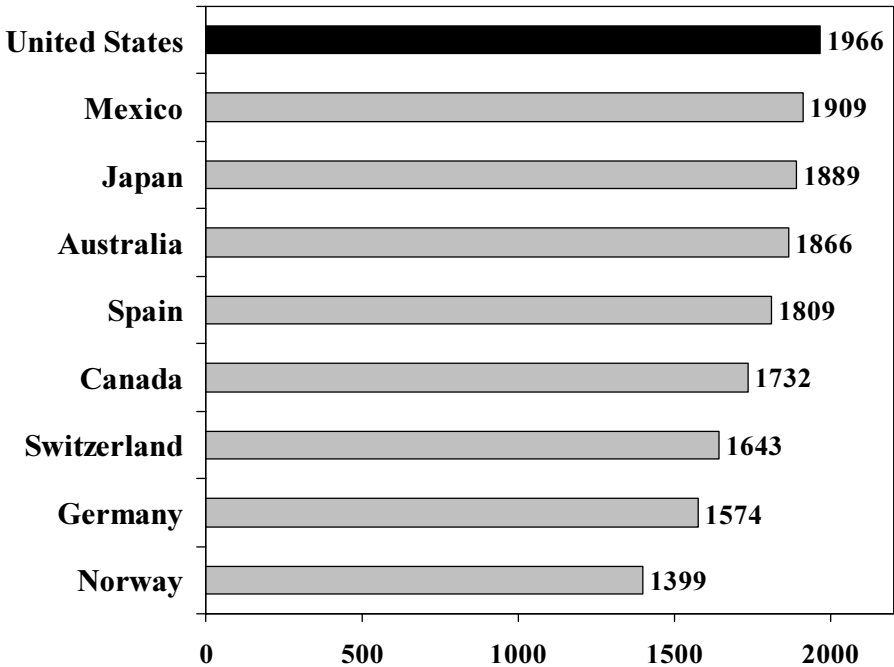
HOW ARE WORKERS MAKING ENDS MEET?



- The number of Americans working more than one job at a time increased 92% between 1973 and 1997. Americans who hold more than one job work an average of 48 hours a week, and about 40% of them work 50-69 hours a week.
- Between 1977 and 1997, the number of Americans putting in 50 or more hours jumped from 24% to 37%. During the same time, middle-income families increased their work hours by 4%, and productivity increased by 9.7% — but median family income (adjusted for inflation) grew only 0.6%.
- American families can't save as much money as they used to. The personal savings rate fell to just 0.5% in 1998, from 8.6% in 1984.
- American families are going deeper into debt to make ends meet. American households owe an average of about \$45,000 each.

HOW ARE WORKERS DOING IN OTHER COUNTRIES?

Average Hours Worked Per Year (1995-1997)



- The International Labor Organization (ILO) reports that U.S. workers now have the dubious distinction of working the longest hours of any workforce in the major nations of the world. From 1995 to 1997, U.S. workers put in 77 more hours per year than the Japanese; 234 more than the Canadians; 392 more than the Germans; and 567 more than the Norwegians.

- Americans are more likely to work longer than 40 hours a week than workers in Japan, Germany or 20 other developed countries. In fact, in the U.S., 70.3% of all American workers put in more than 40 hours a week, compared to 49.4% in Japan; 14.2% in Germany; 57.1% in Canada; and 10.1% in Norway.

- While Americans have been increasing the hours they work, workers in other industrialized countries have been decreasing their work time.

HOW ARE WORKERS DOING IN OTHER COUNTRIES?

- The U.S. ranks below six other countries in annual income per person — Norway (\$39,806); Switzerland (\$38,425); Denmark (\$33,367); Sweden (32,125); Finland (\$31,737); and Japan (31,624). In the U.S., annual income per person is \$28,553.

- The U.S. used to do better. In 1960, the U.S. ranked above every country in the world in income per person, except for Switzerland. But in the 1980's and 90's, growth in U.S. income per person was close to the bottom among the industrialized countries, and American workers fell behind.

- Among industrialized countries, the U.S. has become a low-wage country. Some European companies are now moving to the United States to take advantage of our low wage labor.

- The income gap between rich and poor in the United States is bigger than in any other developed country in the world.

- The United States ranks below 11 other countries in pay and benefits for manufacturing workers. European manufacturers pay 30%-40% more than manufacturers in the U.S. Pay and benefits for manufacturing workers in Germany are 80% higher than in the U.S.

- The U.S. ranks below 10 other countries in paid vacation days for workers. In the U.S., the average worker gets 16 paid vacation days a year, compared to 30 days in Portugal and Spain; 25 days in Austria, Finland, Sweden and France; and 20 days in Belgium, the Netherlands and Switzerland. European countries guarantee workers paid vacation days by law.

- In many countries, workers are guaranteed health coverage by law. In the U.S., there are 43.4 million people without health insurance, and the percentage of Americans who lack health coverage recently reached 16.1% — the highest level in a decade. In parental leave and unemployment insurance coverage, the United States also lags behind most European countries.

A CLOSER LOOK AT ANOTHER COUNTRY

NORWAY'S WORKERS

While we continue to hear in the corporate media about how the American

ing,” let’s take a of what is happen-small Scandina-important for us to



economy is “boom-quick look at some ing in Norway, a vian country. It is know how other

countries address the needs of their working people, and contrast that to what happens in the United States.

In Norway, the government provides free education to all its citizens through college and graduate school.

In Norway, workers are guaranteed 42 weeks of maternal leave at full pay. (In the U.S., workers get 12 weeks of unpaid maternal leave.)

The Norwegian government provides free day care to all children

In Norway, workers are guaranteed four weeks of paid vacation a year, with the right to three consecutive weeks of vacation in the summer.

Norway has a national health program that guarantees health care to every citizen, providing reimbursement to every individual for medical costs that exceed \$187 a year. (In the U.S., 80 million people have inadequate health insurance or no health coverage at all.)

HOW CAN WE MAKE THE ECONOMY WORK FOR WORKING FAMILIES?

The economy isn't working for working families because government and corporate actions during the last 25 years have favored the interests of the wealthy — at the expense of the vast majority of Americans. But it doesn't have to be this way. The American people could elect a government that benefits average people and not just the wealthy and the corporate interests. These are just some of the things we could do:

Reform our labor laws to make it possible for more workers to organize unions

Union membership is declining as a result of corporate downsizing, globalization of the economy and union busting. Today, fewer than 14% of American workers have unions (down from 35% in 1955), and that hurts all working families. We need to reform our labor laws to allow more workers to organize unions. These reforms could include recognition of a union when a majority of workers in a bargaining unit sign authorization cards; compulsory arbitration when there is a stalemate in the negotiation of a first contract; and greater protections against union busting and the intimidation of workers.

Workers who have unions make an average of \$8,300 (32%) more a year than non-union workers, and that's not counting better health and pension benefits. The truth of the matter is that the most effective anti-poverty program in the United States is membership in a union. Labor unions are the main reason we have the right to overtime pay for overtime work, employer provided health benefits and pension plans, occupational safety laws and child labor laws. Unions led the effort for Medicare, Medicaid, affordable housing, and many other programs that benefit working families. When unions are strong, all working families benefit because unions drive wages up even for non-union workers.

HOW CAN WE MAKE THE ECONOMY WORK FOR WORKING FAMILIES?

Renegotiate NAFTA, the WTO and other international trade agreements to protect workers' rights and the environment

In today's global economy, the major American export is our jobs. Our record-breaking trade deficits are costing us millions of decent-paying jobs. Why pay American workers a living wage when workers can be hired in Mexico for a dollar an hour and in China for as little as 20 cents an hour? The function of U.S. trade policy must be to improve the standard of living of the American people. We must demand "fair trade," not just "free trade." Our trade policies must encourage companies to invest in our own country. International trade is a vital and important part of the economy. Workers have a right to make certain, however, that trade works for the benefit of all people and not just the multinational corporations.

Raise the Minimum Wage, and move towards the establishment of a livable wage

At the current \$5.15 an hour, the federal minimum wage has become a poverty wage. With today's minimum wage, a full-time worker with one child lives below the official poverty line. The minimum wage has failed to keep pace with inflation, and its purchasing power today is far lower than it used to be. In fact, the minimum wage would have to be \$7.33 an hour to have the same purchasing power today that it had in 1968. If it is not increased, its purchasing power will fall to \$4.90 in the year 2000. The minimum wage should be set at a rate sufficient to support a family of three above the poverty line. It should be raised to at least \$6.50 an hour, and indexed to the rate of inflation. In the long run, Congress should move beyond the concept of a minimum wage to a livable wage. Nobody who works 40 hours a week should earn less than they need to maintain a decent standard of living. In Vermont, that amount has been calculated to be \$10.47 an hour for a single worker and \$15.89 an hour for a single parent with one child.

HOW CAN WE MAKE THE ECONOMY WORK FOR WORKING FAMILIES?

National Health Care

Our current health care system leaves more than 43 million Americans without health insurance and millions more underinsured, while the quality of health care for many Americans is declining. Our citizens pay the highest prices in the world for prescription drugs, which is causing very serious health and financial problems for the elderly and the chronically ill. Meanwhile, at 14% of our GNP, we spend far more per person on health care than any other major nation, all of which provide universal health care. The United States must establish a single-payer health care system, administered at the state level, which guarantees health care to all Americans. A single payer system can eliminate the paperwork and bureaucracy that is rampant in our current wasteful system, and use the savings to insure every American.

Make the tax system more progressive to allow working families to keep more of their hard earned money, and make big business and the wealthy pay their fair share

At a time when the United States has the most unequal distribution of wealth and income in the industrialized world, it is imperative that we create a tax system that asks the wealthy to pay their fair share of taxes, allows us to lower taxes for middle-class and working families and provides additional revenue for important social needs. A progressive tax policy is the most efficient and effective way to ensure that wealth is distributed more fairly. The more you earn, the higher your tax rate should be. This is especially true when Congress over the last 25 years has granted huge tax breaks and subsidies to the wealthy and to large corporations.

Reduce the influence of money in elections

Our current campaign finance laws allow big money interests to dominate the electoral process. While the one-tenth of 1% of Americans who can afford large campaign contributions of \$1,000 or more contributed a total of \$638 million in the 1996 elections, 80% of all Americans did not make any financial campaign contributions at all.

HOW CAN WE MAKE THE ECONOMY WORK FOR WORKING FAMILIES?

We need to reform the campaign finance laws so that democracy will once again mean one person one vote, instead of influence and power determined by the size of campaign contributions. Elected officials will not effectively represent the interests of the ordinary citizen if they continue to be beholden to contributions from the wealthy.

Revitalize the electoral process

Voter turnout in the United States has fallen to all-time lows. In the 1998 elections, only 36% of all eligible Americans bothered to vote, and only 18% of young people under the age of 24 turned out to vote. By comparison, it is not uncommon in Canada, Europe and Scandinavia for 70%, 80% or even 90% of eligible voters to participate in elections. Our goal in the United States should be for at least 80% of all eligible Americans to vote. The truth is that if working people do not actively vote and participate in the political process, their needs will not be heard or addressed. Some of the election reforms that we need include allowing election-day voter registration; keeping voting booths open for two or three days so that more working people can vote; and allowing people to vote by mail.

Make a first-class education accessible to every American

Our public schools, once the gateway to economic and political equality, often lack the resources they need. And the cost of a college education is increasingly out of reach for working families. We need to increase federal funding to improve the quality of our public schools and relieve some of the burden of the regressive property tax. And we need to make funding available for scholarships, college loans and work-study programs to ensure that every American can pursue an advanced education.